



# **Mexico Taxation and Revenue Department GenTax®**

## **Version 8 Upgrade Proposal.**

**New Mexico**  
Taxation and Revenue Department

### **▪History:**

- **TRD implemented the GenTax system as the integrated tax system of record for New Mexico beginning in 2002. This was a wholesale business process modernization in which many outdated stand alone tax applications were replaced by a single integrated tax system.**
- **TRD successfully implemented the GenTax system on time and on budget.**
- **This system has grown from processing 2 tax programs in 2002 to currently processing 28 programs - the implementation of V8 GenTax would provide more robust core functionality to support rolling out complex new tax programs.**
- **The GenTax system manages a tax revenue stream of \$6.5 billion annually.**
- **GenTax provides the accounting basis for TRD financial revenue processing; manages the revenue stream from taxpayers to beneficiaries; processes all tax returns and payments; is the system for Tax Audit and Compliance initiatives; and holds all historical tax information.**
- **The system is used to enforce tax code compliance and combat tax fraud.**

# **GenTax Overview and Status**

**GenTax is a COTS System that was first implemented for the State of New Mexico in 2002 to process Personal Income Taxes (PIT) and Corporate Income Taxes (CIT). Since 2002, an additional 26 tax programs were added. The GenTax system currently generates revenues of over \$6.5 billion per year. It is a fully integrated system which covers many functions some of which include:**

- process tax returns and payments;**
- generate tax refunds;**
- support Tax Audit and Compliance initiatives;**
- issue assessment letters for outstanding debt;**
- manage the distribution of revenues to the state, counties, and municipalities;**
- generate multiple letters and reports for day to day functions;**

**In addition, it supports fraud prevention efforts that have become increasingly evident in the world of technology today.**

**As new modules were implemented, the system was left in a multi-version state. Over time, this has made it difficult to maintain the system, limits the ability to upgrade single modules due to dependencies, and prevents from identifying and eliminating points of revenue loss.**

# **Primary Issues and concerns:**

- **Current system is unable to identify and prevent millions in fraudulent activity each tax year.**
- **Lost revenue opportunities - Inability to take advantage of new additional revenues of \$14.5 million due to the lack of implementation of the following current modules: New Refunds module, Tax Payer Offset Program, Discovery product, Business Credit Manager, and other modern core revenue generation functionality**
- **TRD is unable to fulfill critical user requests and implement legislative mandates because the current installed version of GenTax is obsolete.**
- **If GenTax suffers a catastrophic failure, the state will be unable to collect and distribute \$6 billion in revenues.**

# **Version 8 Upgrade Benefits**

- **\$1.5 million plus in additional annual reduction of fraudulent refunds – due to better fraud detection through the upgraded Refunds module and data exchange functionality.**
- **\$2.5 million plus in new revenues annually through more efficient processing and an upgraded Taxpayer Offset Program module.**
- **\$5 million plus in new revenues annually through implementation of the GenTax integrated data warehouse (Discovery). This module increases audit, collections, non-filer recoveries, real-time fraud prevention, and return validation. Examples of revenue gains experienced in other states:**
  - **Alabama Audit and Compliance Division – without Discovery in FY 2008 - \$10 million, with Discovery in 2010 - \$17.7 million**
  - **Illinois Audit and Compliance Collections - \$44 million collected using leads generated by Discovery.**
  - **California Employment Development Department (unemployment compensation) Collection increase in 2010 of \$29 million in new revenue in FY 2010 using Discovery.**

# **Version 8 Upgrade Benefits – Cont.**

**Upgrading the GenTax system presents multiple benefits for increasing annual revenues:**

- **Implementing Business Credit Manager will automate a manual tracking of credits; prevent distributions from General Fund not owed to counties and municipalities; ensure that fair share of contributions are held back as required by current New Mexico Tax statutes 7-1-6.1 and 7-1-6.4**
- **Federal obligations for State Income Tax Levy Program (SITLP) will be achievable with the new Refund module.**
- **Upgrade brings all modules to a consistent version of software making it more manageable and functional; Annual maintenance and support will include full upgrades as new versions are released.**

# **IT Strategy & Architecture**

- **The upgrade will be executed with the existing TRD resources both from the IT and divisional business user units**
- **Contractor staff will consist of developers/network support to keep the system running at its most efficient level and at the latest version and service packs.**
- **The GenTax system is architected on Microsoft's Sequel Server platform using Microsoft's .NET architecture. The architecture conforms to the State's IT strategic enterprise architectural requirements.**
- **Supports the latest database and.NET programming technologies**
  - **SQL Server 2008 R2, MS Visual Studio 2010, Oracle 11G, VB.NET, HTML 5.0, Java**
- **Cross platform compatibility (Platform independence)**
  - **New version is compatible with all OS including Windows, MAC, Unix, Android, windows mobile, and more**

# **IT Strategy & Architecture – Cont.**

## **Web based Technologies**

**New version will run in a browser with compatibility for all browser formats**

**IE, FireFox, Chrome and many more**

## **Cross Device compatibility**

**New version can run on any device such as Windows PC, Any handheld phone (iphone, droid, blackberry), ipad**

## **Security and Data Sharing**

**New version use the latest encryption technology with strong authentication that allows the application to share real time data with IRS, SSA, and other US state tax agencies**